

## **STATEMENT BY THE BOARD OF DIRECTORS OF BONAVA AB (PUBL) PURSUANT TO CHAPTER 18 SECTION 4 AND CHAPTER 19, SECTION 22 OF THE SWEDISH COMPANIES ACT**

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The board of directors has proposed that the annual general meeting, held on the 4 April 2017, resolves (i) on a dividend to the shareholders of the company of SEK 3.80 per share, divided into two installments, and (ii) to authorise the board of directors to resolve on execution of acquisitions of shares of series B in the company. Due to the board of directors' proposal on dividend and the authorisation to acquire own shares, the board of directors hereby makes the following statement pursuant to Chapter 18, Section 4 and Chapter 19, Section 22 of the Swedish Companies Act.

The board of directors' reason to why the proposed dividend and the proposed authorisation to acquire own shares are justifiable in light of Chapter 17, Section 3, paragraphs 2 and 3 of the Swedish Companies Act, is the following.

### **The nature, scope and risks associated with the operations**

The nature and scope of the operations are stated in the company's articles of association and the submitted annual report. The business run by the company and the group is not imposing any risks in excess of those that exist or may be deemed to exist in the industry, or the risks generally associated with operating a business.

### **The company's and the group's financial position**

The company's and the group's financial position as of 31 December 2016 is described in the recently submitted annual report. The annual report also states the principles applied for valuation of assets, depositions and liabilities.

The company's financial targets include to generate a healthy return to its shareholders under financial stability. The group's result for the year after taxes amounts to TSEK 1,004,329, corresponding to a 14.6 per cent return on capital employed. According to the recently submitted annual report, the equity ratio of the group amounted to 33.7 per cent and net debt to TSEK 3,698,912 as of 31 December 2016, which is within the limits of the company's financial targets. The company's return and financial position is good.

It is the assessment of the board of directors that the amount of shareholders' equity according to the annual report, is in reasonable proportion to the scope of the company's business and the risks associated with conducting it, considering also the proposed dividend and the board of directors' proposal regarding the authorisation for the board of directors to resolve on execution of acquisitions of shares of series B in the company.

The proposed authorisation to acquire own shares is only intended to secure the company's commitments (including social security costs) due to the LTIP 2017 (as defined in item 17 in the notice to the annual general meeting), and any other, at any time outstanding and by a general meeting resolved, share-based incentive plans. The authorisation has a limitation of maximum 202,423 shares of series B. Based on the

closing price of the company's share of series B on 14 February 2017, a full exercise of the authorisation corresponds to TSEK 28,400.

Provided that the annual general meeting resolves in accordance with the board of directors' proposed dividend of SEK 3.80 per share, TSEK 4,282,711<sup>1</sup> will to be carried forward in the company. After the proposed dividend and exercise of the proposed authorisation to acquire own shares, there will be full coverage for the company's restricted shareholders' equity. It is the assessment that the company and the group are able to fulfill their obligations, both on a short and a long-term basis.

### **The proposal's justification**

With reference to the aforementioned, it is the board of directors' opinion that the proposed dividend and the proposed authorisation to acquire own shares are justified with reference to:

1. the requirements that the nature of the business (the company's and the group's), its scope and risks place on the size of the shareholders' equity, and
2. the company's and the group's respective consolidation requirements, liquidity and position in general.

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Solna in February 2017

**Bonava AB (publ)**

*The Board of Directors*

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<sup>1</sup> No dividend is paid on the parent company's holding of repurchased shares. The stated amount is thus calculated based on the total number of shares in the company less repurchased shares of series B as of 28 February 2017.